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INFO RUEHDJ/AMEMBASSY DJIBOUTI

RUEHDR/AMEMBASSY DAR ES SALAAM 0022

RUEHDS/AMEMBASSY ADDIS ABABA 0022

RUEHKH/AMEMBASSY KHARTOUM 0010

RUEHKM/AMEMBASSY KAMPALA

RUEHNR/AMEMBASSY NAIROBI

RUEHSA/AMEMBASSY PRETORIA 0012

UNCLAS NAIROBI 002656

SENSITIVE

SIPDIS

DEPT FOR AF/PPD WHARTON, KEMP, STRASSBERGER

IIP MURPHY, DOMOWITZ

AF/E DRIANO

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SUBJECT: Kenya's Media: Part III- Media Houses and Cross Ownership

REF: NAIROBI 2640; NAIROBI 2646

**¶11.** (U) Summary. This is the third part of a four-part report on the state of the Kenyan Media. The parts are: 1) Overview and the new media law; 2) Radio Stations; 3) Media Houses and Cross Ownership; and 4) Role of the media and New Trends. A handful of media houses dominate and even manipulate the Kenyan Media. Shunning media pluralism, these media houses wield enormous influence over the Kenyan public through their "symbiotic" relationship with the political elite. Despite the government's attempt to remove irregularities including rampant media concentration, many fear that well-protected media houses will gradually absorb the smaller, regional stations which have limited sources of revenue, leaving listeners with only two or three sources for their news. End summary.

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Media Moguls of Kenya  
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**¶12.** (SBU) After 40 years of an "open" market, a handful of media houses have emerged to dominate the Kenyan media. They have collectively share about 90 percent of the media audience.

--Nation Media Group: The single, most dominant media group, Nation Media, is owned by the Aga Khan. The Daily Nation newspaper is the Group's flagship outlet in Kenya. Nation Media also publishes the Business Daily, a daily on business news and Taifa Leo, a Kiswahili daily and the East African, a weekly. The Group's broadcast side is represented by NTV and two radio stations - Easy FM and Q FM. Nation Media's chief executive is Linus Gitahi, of the Kikuyu tribe, and the managing editor is Joseph Odindo, of the Luo tribe. The management of the Group is predominantly Kikuyu. Recently, the former CEO of Nation Media and current chief advisor of President Kibaki's Party of National Unity (PNU), Wilfred Kiboro, was re-installed as a board member, a move which many see as the PNU's attempt to ensure pro-PNU and possibly anti-reform coverage as Kenya prepares for presidential elections in two years. Kiboro, in turn, brought back Dennis Luanga, the man he groomed to be the next Chief Executive during his 12-year tenure as CEO. Kiboro never forgot the bitter defeat when Gitahi moved to the position that was supposed to be "reserved" for his chosen

successor, Luanga. The open strife between Gitahi and Kiboro is obvious to many and creating difficulties for the company. Some, including Macharia Gaitho, Chairman of the Editors' Guild and Nation columnist, say that this kind of bad business practices - instituting a powerful PNU man to keep an eye on the paper - will put the Nation behind more progressive and modern groups. Indeed, we have noticed a sharp deterioration of the Nation's coverage of the reform agenda, including U.S. Mission's active involvement with civil society and youth activists. Nation Media runs NTV Uganda, KFM radio station and publishes the Monitor and the Sunday Monitor in Uganda, and also publishes Tanzania's leading Kiswahili newspaper, Mwananchi, and English dally, the Citizen.

--Royal Media Services: The owner, Samuel Kamau (aka SK) Macharia, is a shrewd businessman, who tends to stand outside rules and regulations. He has weathered many legal battles and constantly rumored to have business and political run-ins with his fast shifting partners. Royal Media Services runs Citizen TV and its vast network throughout Kenya and 22 FM stations. Citizen TV is considered best for local content programming and known for the best coverage of the reform agenda. Well connected to powerful politicians of all factions, Macharia has enlarged his broadcast empire by initiating the trend for vernacular stations. He is reputed to have many "idle" frequencies for further expansion. Macharia purchased U.S. equipment valued at about USD 500,000 7 years ago. He paid \$6,000 at the time of purchase but has refused to pay the difference, claiming that the purchased equipment was

confiscated by the then-Moi regime. EximBank has pursued him to recover the amount owed but Macharia has no intention to pay back. Macharia's many stations have a re-broadcast contract with the VOA and carry VOA programs. Despite his unscrupulous business practices, Macharia will continue to be a force to be reckoned with because of his well-established reputation as the best local news deliverer and unbeatable understanding of the Kenyan media market.

--Standard Group: The Standard Group belongs to former President Moi and his business and political associates. It runs KTN TV, the Standard Daily newspaper and Simba FM. It openly supported the Orange Democratic Movement (ODM) party during/after the 2007 presidential elections. One single theme that the Standard Group has focused on is its anti-PNU agenda with a goal of being a leading critic of President Kibaki. Twice, the Kibaki family protested against what it claimed to be "unfair" coverage by the Group. In 2006, thugs suspected to be government (PNU) hires raided KTN, dismantling and confiscating equipment. Since then, the Standard Group has regularly played the role of a victim of government media interference and harassment. The Group acquired Simba FM station in February but has not yet retooled it. A popular and well-spoken KTN talk-show hostess, Beatrice Marshall, clearly understands the Group's direction and delivers anti-PNU messages regularly.

--Radio Africa: Owned by Ghanaian Patrick Qurckoo and Kenyan Kiprono Kittony (of the Kalenjin tribe), the Radio Africa Group runs six FM stations, two TV stations and publishes a daily, the Star. Popular Classic FM, KISS FM, XFM, Smooth FM and Jambo FM all belong to the Radio Africa Group. It owns 42 frequencies and plans to expand to use up "idle" frequencies in the near future. Known to be master of radio broadcasting, and savvy and timely business decisions, Radio Africa is one of the most powerful media house in Kenya.

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New Kid on the Block and Old Stand-bys

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¶13. (SBU) New Merger by the Kenyatta family: In September, 2009, a new merger emerged, combining K-24 TV, Kameme FM station and the People's Daily. K-24 and Kameme were previously owned by journalist-turned businesswoman, Rose Kimotho, while the People's Daily was owned by a veteran politician Kenneth Matiba. The Kenyatta family is believed to be the new investor. Kiprono Kittony, Chairman of the Radio Africa Group, said, the Kenyatta connection is "factually true but legally untrue," because as in many cases in Kenya, Uhuru Kenyatta's name does not appear in any of the legal documents of the merger. According to Rose Kimotho, who will continue to manage K-24 and Kameme FM, K-24 will expand and go national before the end of the year. The new group which has an aggressive expansion plan to claim its share of the media market will give Uhuru Kenyatta a direct control over three media -- newspaper, radio and television. The purchase was to give the family bigger space in the political arena through systematic media campaign. Kenyatta also owns a strangely stale STV, which relies mostly on Al Jazeera TV.

¶14. (SBU) Alternative Press: During the one-party era in the 90s, when mainstream media were under siege, it was the alternative press -- known as the gutter press -- that Kenyans heavily relied on to catch a glimpse of the Kenyan political system. It was the source of stories and scandals the mainstream largely avoided publishing. Daring to criticize the one-party regime, the gutter press was often harassed, intimidated, and charged in court. Charges included incitement, sedition, and causing alarm and despondency. Frequently, printing equipment was confiscated by the government's security agents.

¶15. (SBU) Examples of gutter publications that were at the forefront of democratization included Society Magazine, edited by Pius Nyamora who took refuge in the United States; Nairobi Law Monthly edited by human rights lawyer Gitobu Imanyia (now a member of parliament); and Njehu Gatabaki's Finance magazine. The Law Monthly and Society are now defunct, partly because of the pressure from the government and expenses incurred by court cases.

¶16. (SBU) Even today, the gutter press is popular in streets in Kenyan urban centers. These low-cost publications focus on half-baked stories about politics and lives of prominent Kenyans. Unlicensed to publish in most cases, they are still subject to frequent police raids and defamation charges by targeted politicians. Presently, the most sensational publication of the gutter press is the Weekly Citizen whose investigative stories have often led to police raids on its editorial bureaus and some of its writers are on the run to avoid arrest.

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Cross Ownership: Curse or Blessing?

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¶17. (SBU) Many believe that the Kenyan media is controlled and even "manipulated" by a small number of wealthy and well-connected people. The media owners maintain that their hard work and business know-how put them ahead of the curve and see no damaging effect of a small group owning multiple media outlets across different forms of media (called media cross ownership in Kenya). They maintain that the situation was created by default, not by design and cross ownership creates synergy and more economical way in the media industry as many outlets could utilize the same set of journalists for information gathering. They often cite that KTN TV, the Standard Group's television station survived only because of the profits from the Standard Daily, one of the two major newspapers in Kenya that belong to the same group. Radio Africa claims that its daily newspaper, the Star, was "resuscitated" by

the groups many lucrative FM stations. Some even argue that the small advertisement market, totaling USD 270 million annually, could not manage further "fragmentation," by allowing the entry of small broadcasters into the market and cannot absorb more than the handful media houses currently active in Kenya. They are also quick to point out conspicuous cases of media concentration in the West such as Sylvio Berlusconi in Italy and Ruppert Murdoch in the U.S.

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#### Perils Abound

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¶8. (SBU) The government makes sporadic attempts to rein in the media when they expose government wrongdoings too explicitly. There are a multitude of libel cases pending against most major media houses. The Standard Group alone has 200 cases. Minister of Finance Uhuru Kenyatta clashed both with editors of the Nation and the Standard. In May, he started a legal procedure against the Nation over the "typing error" saga of the missing KSH 10 billion from the budget. He has sued the Nation's cartoonist who drew a series of caricatures based on the budget fiasco for libel. Uhuru also sued the Standard Group for airing the Prime Minister's statement alleging him to be the leader of Mungiki, an illegal youth group accused of a series of violence. President Kibaki's children filed a complaint against the Standard Group for publishing statement that the president himself might have been

involved in the planning the government raid to the KTN. A long list of MPs, cabinet ministers and heads of government agencies implicated the media for their "unfair" and damaging coverage in pending libel suits. In July, a Star journalist was detained for his coverage of how the Kenyan Anti-Terrorism Police Unit lost sensitive files on Fazul Mohammed, the terrorist who masterminded the bombing of an Israeli hotel in Mombasa in 2002, and might have been sold off.

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#### Media Owners Association: Powerful Lot

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¶9. (SBU) Sheila Amdany, Executive Secretary of the Media Owners' Association, called the association, a "powerful lot which is not genuinely interested in what is happening in Kenya but is skilled to play the power game." Acquiring new freedoms in the 90s, the media did not know how to use it and it is still learning the role it should play for a transition society like Kenya, she added. Generally speaking, the Kenyan media enjoy unbridled media freedom until the recent media law and new regulations (reftel A). Most media houses are driven either by an ambitious business model (Radio Africa), as political platforms (Standard Group and the new Kenyatta Group) or both (Nation Media and Royal Media Services).

¶10. (SBU) Despite the mounting number of court cases against certain journalists by the government and political elite, powerful media houses continue to thrive. Sometimes, media owners strike at the political elite class with a highly visible media campaign. In October, media owners accused MPs of spreading ethnic chauvinism in the country, then turning their fury against the media when their behavior is exposed by it. All major media reported the spat between media owners and MPs. The Parliament's House of Broadcasting Committee, in turn, accused media outlets for "disseminating propaganda against MPs to the masses."

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Comment  
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¶11. (SBU) Whenever the government tries to impose new controls on the media industry, it is met with stiff resistance. The CCK, the government body to be mandated to implement broadcast regulations, does not appear to have the political support to take on the media owners, especially those with the right political connections. There is also no clear sign that the government is ready to undertake any radical changes. The current media landscape where competition is stifled and potential investors are turned away will continue. An increasing concentration of news providers, some with obvious political biases, could offset possibilities for greater media pluralism.

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